



*Established in 1991, UCC serves as the representative voice for state legislative advocacy for high-population counties in California. Initially composed of seven counties, the association has grown to 14 today. Nearly 80 percent of the state's population reside in UCC counties. Consequently, urban counties carry out critical programs and services to the state's most vulnerable populations. For more information, including details on our Board of Directors, please visit [our website](#).*

**April 1, 2022**

### **Governor Issues Drought Executive Order**

This week, Governor Gavin Newsom issued Executive Order **N-7-22** directing new state and local efforts to address the ongoing drought and, for the time being, avoiding mandatory statewide restrictions for most residential uses. The Governor instructed local water suppliers to move to Level 2 of their Water Shortage Contingency Plans, which require locally appropriate actions that will conserve water across all sectors. In most cases, Level 2 requires 10-20 percent conservation within a district though local discretion is allowed.

In addition to the water supplier conservation directive, the Order includes a number of additional provisions, including:

- **New Local Well Permitting Requirements.** Bars local governments from approving a permit for a new groundwater well or alteration of an existing well in a basin with a Groundwater Sustainability Agency (medium- or high-priority) without first obtaining written verification from the managing Groundwater Sustainability Agency. Local governments must also determine that the groundwater well is not likely to interfere with nearby wells and/or cause subsidence that may damage nearby infrastructure. Domestic and small wells are excluded.
- **Certain Water Hauling Ordinances Suspended.** Suspends all local prohibitions on hauling of water for human consumption,

cooking, or sanitation out of a water basin of origin, or public agency jurisdiction.

- **Groundwater Recharge Projects Expedited.** Expedites and reduces permitting requirements for groundwater recharge projects to support future flood-flows.
- **Expanded Illegal Diversion Enforcement.** Expands State Water Board inspections for illegal diversions and/or waste and unreasonable use of water.

The Governor also ordered the State Water Board to evaluate the adoption of regulations banning irrigation of “non-functional” turf (or grass), such as decorative grass adjacent to large industrial and commercial buildings. The ban would not include residential lawns or grass used for recreation, such as school fields, sports fields, and parks.

### **LAO Weighs in on the State Appropriations Limit (SAL): Fix It or Forget It**

The Legislative Analyst’s Office (LAO) released a very interesting (okay, interesting for budget nerds!) **report** this week outlining the implications of the Governor’s budget proposal. The thrillingly titled “State Appropriations Limit Implications” examines various state revenue scenarios to predict budget outlooks into the future. Here’s the quick takeaway: without making some serious reforms to the state’s tax structure (to reduce state revenues) or seeking voter approval to modify the State Appropriation Limit (to allow for more expenditures), the Governor’s budget is unsustainable whether state revenues grow slower, faster, or as expected.

To mitigate this eventuality, the LAO offers some short- and long-term options. For short-term options, the Legislature could reject all non-SAL excluded proposals in the Governor’s proposed budget and then save those resources for future SAL requirements. The Legislature could opt to delay SAL-required payments for a two-year period, as authorized by the Constitution, but it must save those revenues to be able to pay the SAL-required payments in the future. Finally, the Legislature could change the definition of subventions to count more funding at the local level. As for longer-term fixes, the LAO suggests that the Legislature could reduce taxes on an ongoing basis to bring state revenues to the SAL, which would necessarily constrain state government spending, or the Legislature could ask voters to make reforms to the state’s appropriations limit by placing a constitutional amendment on the ballot.

The constraints imposed by the Gann Limit appear to have become inescapable for the state’s budget crafters and must be carefully considered in

the coming months as the May Revision is released and final negotiations on the budget begin.

### **Acting Governor Eleni Kounalakis Signs Extension of Tenant Protections**

In a mere week's time, the Legislature struck a deal on language and then, just yesterday, approved **AB 2179** (Grayson and Wicks) to extend tenant protections for renters who have applied for the state's rental assistance program but whose applications have yet to be processed. AB 2179 extends the protections through June 30, 2022.

Lt. Governor Eleni Kounalakis, who is the acting Governor while Governor Gavin Newsom is traveling abroad, signed the bill Thursday afternoon, marking the first time a woman signed legislation into law in California. May it not be the last.

### **Beneficial Fire Strategic Plan Released**

This week, the Governor's Wildfire and Forest Resilience Task Force issued its **Strategic Plan for Expanding the Use of Beneficial Fire** to guide the state's efforts in expanding the use of prescribed fire and cultural burning to build forest and community resilience in addressing forest management and wildfire mitigation. The Strategic Plan sets a target of expanding beneficial fire to 400,000 acres annually by 2025 as part of an overall goal to treat 1 million acres annually in California by 2025.

Key elements include:

- An online prescribed fire permitting system to streamline the review and approval of prescribed fire projects;
- The state's new Prescribed Fire Claims Fund to reduce liability for private burners;
- A new statewide program to enable tribes and cultural fire practitioners to revitalize cultural burning practices;
- A prescribed fire training center to grow, train, and diversify the state's prescribed fire workforce;
- An interagency beneficial fire tracking system;
- Undertaking pilot projects to undertake larger landscape-scale burns;
- A comprehensive review of the state's smoke management programs to facilitate prescribed fire while protecting public health.

## Children and Behavioral Health Initiative Update

The Newsom Administration recently held a webinar to share updates on Children and Behavioral Health Youth Initiative (CYBHI), which included an overview of the CYBHI, a presentation on the plans and scope of work for each workstream, and information on stakeholder engagement. Here are links to a [recording](#) and [slide deck](#) from the webinar.

The CYBHI engagement plan includes convening and engaging three groups:

**Children, youth, and families**, including children and youth 25 years of age and younger and their families as the key constituency of the initiative.

**Cross-sector and inter-agency partners**, including healthcare and education partners, subject matter experts, state, local, and federal agencies, community-based organizations, social services, legislature, philanthropy, academia, and other public and private sector partners.

**Community partners on the ground and in the field**, including California community members interested in children and youth behavioral health (e.g., Californians with professional and/or lived experiences).

This [table](#) summarizes planned engagement efforts in the near term and going forward.

## Assembly Budget Subcommittee Hearing Focuses on CalAIM and Medi-Cal Issues

Assembly Budget Subcommittee No. 1 on health and human services met on March 28 to discuss CalAIM and Medi-Cal proposals ([agenda](#)). DHCS provided overviews of Enhanced Care Management, community supports, CalAIM behavioral health reforms, the long-term services and supports component of CalAIM, and the proposed changes to the suspension of Medi-Cal benefits when an adult is incarcerated.

DHCS reported that as of January 1, 2022, 25 counties went live with Enhanced Care Management (ECM). The next phase of ECM implementation begins July 1, 2022. Additionally, in January 2023, ECM will be expanded to long-term care, nursing home residents transitioning to communities, and the justice-involved population. In July 2023, ECM will be expanded to focus on children and youth.

As on January 1, 2022, 25 managed care plans in 47 counties started offering over 520 community supports. Approximately 40,000 people – mostly individuals transitioning from Whole Person Care – are receiving community supports. By July 2022, nearly all managed care plans in all counties will offer some level of community supports. Recall that managed care plans can choose whether they offer community supports and which of the state’s 14 identified community supports the plan will offer. Most Medi-Cal managed care plans are electing to provide five to six community supports. The most common community supports being offered are housing related services, medically tailored meals, and asthma remediation. DHCS expects the plans will continue to expand community support elections in 2023 and 2024.

### **Vaccine Mandate Bill Held for Now**

Assembly Member Buffy Wicks announced earlier this week that she was pulling **AB 1993**, which would impose a COVID-19 vaccine mandate in all California workplaces. The bill was scheduled to be heard in the Assembly Labor and Employment Committee on March 30. It faced opposition from several organizations, including public safety labor organizations and the California Chamber of Commerce.

Assembly Member Wicks released a **statement** on AB 1993, which in part reads: “We are now in a new and welcome chapter in this pandemic, with the virus receding for the moment. This provides for us the opportunity to work more collaboratively with labor and employers to address concerns raised by the bill. That is why we have decided to put AB 1993 on pause and allow space for these conversations to continue and progress.”

It's not clear whether AB 1993 will be heard before the April 29 policy committee deadline. In January, a group of Democratic lawmakers announced the formation of a Vaccine Work Group with the goal of developing “cohesive and comprehensive, evidence-based policies” to stop the spread of COVID-19 and other diseases. AB 1993 is part of the package of bills introduced by the Vaccine Work Group.

### **COVID-19 Testing in Schools Measure Moves Forward**

**SB 1479**, Senator Pan’s measure to address COVID-19 testing in schools, passed out of Senate Health Committee on March 30 on a 9-2 vote (with Republican members voting no). The bill would require the California Department of Public Health (CDPH) to continue administering COVID-19 testing programs in schools that are currently funded by federal resources. SB 1479 also would require CDPH to administer testing programs for teachers, staff, and pupils that help schools reopen and keep them operating safely for

in-person learning. Finally, the measure would require schools to create a COVID-19 testing plan consistent with CDPH guidance.

Although the measure does not mandate vaccinations, the bill garnered significant opposition from the anti-vaccine community; more than 100 individuals testified in person and over the phone to express concerns about and opposition to COVID-19 testing.

### **Legislation to Implement the Kaiser Contract for Medi-Cal Introduced**

**AB 2724** was gutted and amended last week to incorporate provisions to implement the Kaiser Medi-Cal single contract language (also known as “alternate health care service plan”) proposed by the Newsom Administration in trailer bill language. The revamped measure, now authored by Assembly Member Joaquin Arambula, is in the Assembly Health Committee but has not yet been set for hearing. Although introduction of the Kaiser language into a bill suggests the contract will be discussed via the policy committee process, it remains possible that the issue could become part of budget negotiations this summer. We will keep you apprised on developments.

### **Changes to REAP Grant Program Eligibility and Draft Guidance Public Comment Period**

The California Department of Housing and Community development (HCD) released draft guidance for the expenditure of Regional Early Action Planning (REAP) Grant funds (\$600 million approved in the 2021-22 state budget). Unfortunately, the guidelines make significant changes to the eligible uses criteria as the state has “changed the color” of federal money supporting the program, which is more restrictive and focuses almost exclusively on housing-related activities. See [pages 49-50 of the draft guidelines](#) for a table outlining what is an eligible use pursuant to the state budget but is no longer allowed due to federal restrictions. Regional and local stakeholders are currently working on a strategy to find more flexible funds so that the program can be used for a wider range of sustainable housing, land use, and transportation uses in support of SB 375 implementation.

Regardless of the funding source, most of the program’s funding (85 percent, or \$510 million) will flow directly to the state’s 18 Metropolitan Planning Organizations (MPOs), and the MPOs may sub-grant a portion of the funds to eligible entities (cities, counties, transit/transportation agencies) in their metropolitan region. The remaining funds are split into a set aside for non-MPO regions for smaller counties and tribal entities (5 percent, or \$30 million),

as well as for a higher impact transformative set aside for all eligible entities (5 percent, or \$30 million).

The comment period is open through April 15, 2022. To submit public comment on these Draft Guidelines, please email [REAP2021@hcd.ca.gov](mailto:REAP2021@hcd.ca.gov) with the subject line, “Comments on REAP 2.0 Draft Guidelines.”

### **Strategic Growth Council Releases AB 285 “California Transportation Assessment” Report**

The Strategic Growth Council (SGC) recently released a **new report** (as required by **AB 285** – Friedman; Chapter No. 605, Statutes of 2019) offering its assessment of the state’s transportation funding and policy environment in the context of the state’s overarching climate change goals. SGC also made a series of recommendations for “improving” state grant programs and other transportation funding programs to better align with state climate and related goals.

The AB 285 Report has made a big splash with a broad range of stakeholders from regional and local governments to the transportation construction industry and to environmental and equity advocates. Several of the report’s key messages and recommendations (see below) are already serving as the foundation for legislation this year (**AB 2438 (Friedman)**, for example) and the recommendations are not without controversy. From “aligning” existing transportation funding to climate plans (including local street and road monthly apportionments) to reevaluating land use authority, the AB 285 Report is full of consequential ideas that may fuel legislative proposals for years to come.

**Align existing funding programs with state goals.** SGC opined that there is a gap between (1) the vision for a more climate friendly and equitable transportation system and actions, and (2) infrastructure spending decisions.

**Updating and better aligning among existing state and regional plans.** SGC suggested this could include strengthening or modifying the California Transportation Plan (including adding a fiscal constraint analysis) and finding opportunities to further align the CTP with other state modal plans and the Regional Transportation Plans (RTPs)/Sustainable Community Strategies (SCSs).

**Reevaluating project and program funding and reviewing the current transportation project pipeline.** SGC stated in the report that projects in the pipeline are rarely reevaluated to assess their alignment with current state priorities.

**Assessing the roles of state transportation institutions.** According to the SGC, the institutional structure for transportation is complicated and decision-making levers can be disparate. This recommendation would involve exploring the roles and responsibilities for planning and delivering transportation projects across state entities and changes and clarifications to various state, regional, and local institutional roles.

**Assessing MPO and local government roles and responsibilities.** This could involve a review of the specific authorities and institutional structure of MPOs to ensure they have appropriate tools to effectively accomplish what is expected of them, such as giving MPOs a greater role in reviewing local land use and transportation actions.

The SGC is holding stakeholder meetings and conducting focus groups to get more feedback on whether and how to operationalize one or more of the AB 285 Report's recommendations.

### **HCD Investigating Potential SB 9 Violations**

HCD recently released an **SB 9 Fact Sheet** as a resource to local agencies, homeowners, and other stakeholders. Recall that **SB 9** (Atkins; Chapter No. 162, Statutes of 2021) requires ministerial approval of a housing development for duplexes, a lot split, or both. The fact sheet provides a high-level overview of key parts of the law and addresses common questions received by HCD from local agency staff and members of the public over recent months. According to HCD, its **Housing Accountability Unit** has received 29 complaints about local SB 9 implementation ordinances that it is currently investigating for potential violations of state law. The HAU is coordinating with the California Office of the Attorney General on SB 9-related complaints. HCD does not have authority to enforce SB 9, but violations of SB 9 may violate other statutes over which HCD does have enforcement authority, including Housing Element Law, the Housing Crisis Act of 2019, Accessory Dwelling Unit Law, and the Housing Accountability Act.

### **State Auditor Opines on HCD Regional Housing Needs Assessment Process**

The Bureau of State Audits (BSA) released **a new report evaluating HCD's Regional Housing Needs Assessment (RHNA) process** for providing key housing guidance to counties and cities. Overall, the audit determined that HCD does not ensure that its needs assessments are accurate and adequately supported. Specifically, the BSA reviewed RHNA assessments for three regions and found multiple areas that need improvement. For example, HCD does not ensure that staff accurately enter data when they calculate how much

housing local governments must plan to build (although in two cases, the staff errors lead to lower RHNA numbers than were likely needed). BSA also found that HCD could not demonstrate that it adequately considered all the factors that state law requires. The report also included an analysis of the Department of Finance (Finance) projections that support HCD's work. While the report found that most of Finance's projections were reasonably accurate, it has not adequately supported the rates it uses to project the number of future households that will require housing units in the state. The report's specific recommendations to the Legislature include:

- To ensure that its needs assessments are accurate and do not contain unnecessary errors, by June 2022 HCD should institute a process to ensure that its staff performs multiple reviews of data in its assessments.
- To demonstrate that its needs assessments are complete and address all relevant factors, by September 2022 HCD should establish a formal process to document its consideration of all factors required by state law in its needs assessments.
- To ensure that it adequately supports the vacancy rate adjustments it makes to needs assessments, by February 2023 HCD should perform a formal analysis of healthy vacancy rates and historical trends to inform those adjustments.
- To ensure that the household formation rates that it provides HCD are appropriate, Finance should, by February 2023, conduct a comprehensive review of its assumptions about the household formation rates it uses in projections, and it should document that review.

HCD and Finance agreed with the recommendations and plan to implement them over the next year.